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WORKING GROUP III

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# DRAFT REPORT OF WORKING GROUP III

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1. At its 58th plenary meeting on 14 February 1968, the Conference established Working Group III to consider and report on sub-item 9(g) "Special problems of the land-locked countries."

2. At its 62nd plenary meeting on 16 February, the Conference designated the following countries as members of the Working Group: Afghanistan, Argentina, Austria, Bolivia, Brazil, Bulgaria, Chad, Chile, Congo (Brazzaville), Czechoslovakia, Federal Republic of Germany, Holy See, Hungary, India, Iran, Italy, Laos, Lesotho, Luxembourg, Mali Mexico, Nepal, Pakistan, Peru, Senegal, Sweden, Switzerland, Thailand, Turkey, United Kingdom, United States of America, Union of Soviet Socialist Republics, Upper Volta, Zambia, it being understood that participation in the Working Group would be open to the representative of any country member of UNCTAD interested in the Working Group's deliberations.

3. Working Group III held .... meetings from 28 February to ..... March 1968.

4. At its first meeting held on 28 February 1968, the Working Group elected Mr. Mohammad Ali Aghassi (Iran) as its Chairman; Mr. Vladislav Pavera (Czechoslovakia) as Vice-Chairman, and Mr. Albert S. Mohale (Lesotho) as Rapporteur.

5. The Chairman of the Working Group, in his opening statement (TD/II/WG.III/L.3) gave a brief history of the international discussions and negotiations on the subject and explained the background of the special problems of the land-locked countries. He drew attention to the documents before the Working Group (See Annex.....) and proposed that the Group should identify the problems hampering the promotion of trade and economic development of the land-locked countries, consider measures designed to overcome the difficulties involved, and formulate conclusions and recommendations for submission to the Conference. The Working Group decided to concentrate on the recommendations to be made to the Conference.

6. The representatives of the land-locked developing countries stressed that the land-locked position of these countries, in particular because of the high costs of transportation, the poor development of their infrastructure and other special problems, such as inadequate and inconvenient transport, storage and port facilities; the lack of opportunity to use their own transport equipment and to establish their own transport facilities; the existence of export and import licensing affecting their transit trade and the unfavourable trend of transport tariffs and charges, was a factor seriously inhibiting the expansion of their trade and economic development and hampering them in their efforts to take advantage of the international measures envisaged to promote the trade and development of all developing countries. They emphasized that the solution of their special problems required special measures to be taken in their favour in the context of a global strategy of development, such as effective recognition and facilitation of their free access to the sea; application of special measures in their favour along the lines of those accorded to the least advanced among the developing countries; priority attention to their financial and technical assistance needs, including the granting of soft term and interest-free loans and the creation of a special fund designed to subsidize their additional transport costs; and the undertaking of studies covering, inter alia, the feasibility of through rates, roll-on and roll-off facilities and a comprehensive report identifying their most important special problems.

7. Representatives of the developing transit countries, while reserving their position on matters relating to transit facilities, such as export and import licensing, transport tariffs and charges, and establishment of transport and equipment facilities by land-locked developing countries in the transit States, recognized that land-locked developing countries suffered from certain disabilities because of their distance from the sea. They pointed out that the problems in respect of various land-locked developing countries, while having some common features, required solutions on a bilateral basis in the context of the circumstances pertaining to each particular case. They supported the request of the land-locked developing countries for special attention by the international financing agencies to their needs in financial and technical assistance programmes in the field of transport and communications.

8. Representatives of the developed market economy countries also recognized that land-locked developing countries faced special problems in their trade promotion and economic development and stressed that the development of harmonious bilateral relationships between these countries and the transit countries concerned was a basic necessity in the solution of these problems. They considered that in many cases land-locked countries ranked amongst the least-developed countries and merited appropriate treatment on that score. It was explained that in the matter of technical assistance the land-locked factor was taken into account in assessing the development problems and potential of particular countries together with the level and direction of possible aid. With regard to further study of the problems of the land-locked developing countries it was suggested that, as most of the problems faced by land-locked developing countries - as distinct from other countries at a comparable stage of development - related to inland transport, full use should be made of studies already available in that field and also of the expert knowledge available in various United Nations bodies. It was important that further studies should not duplicate or overlap work to be done on the problems of the least-developed countries. The representative of one developed market economy country, in responding to the request of a land-locked developing country, stated that his country would be willing to co-operate by having a study carried out based on its experience as a land-locked country. The representatives of two developed market economy countries stated that their countries were actively working towards ratification of the Convention on Transit Trade of Land-locked States and pointed out the importance of the Convention for the entire world community.

9. The socialist countries [of Eastern Europe] also pointed out the importance of the problems under discussion. The representative of one socialist transit country [of Eastern Europe] stressed that the volume of his country's trade with land-locked countries had increased during recent years and gave examples of the measures undertaken by his country for better transportation of the goods of land-locked countries. The representative of a land-locked socialist country [of Eastern Europe] explained the ways and means used for the solution of its analogous problems and offered assistance and co-operation with the UNCTAD secretariat and other United Nations bodies through exchange of experience. He also considered that the second Conference should invite all States, and in particular all transit States, to ratify the 1965 Convention on Transit Trade of Land-locked States.

10. Some delegations recalled that the first session of UNCTAD in 1964 had adopted without dissent the Principles relating to Transit Trade of Land-locked Countries (Final Act, Annex A.I.2.) on the basis of which the United Nations Conference on Transit Trade of Land-locked Countries had adopted the Convention on Transit Trade of Land-locked States on 8 July 1965. The representatives of some transit countries pointed out that these principles were included in the preamble to the Convention, that they were inter-related and that each principle should be construed in the context of the other principles. It was noted that the Convention had entered into force on 9 June 1967, but that so far only two transit States having a sea-coast had ratified or acceded to the Convention.

11. The representatives of some coastal countries informed the Working Group of the intention of their Governments to ratify the Convention after completion of the necessary legislative procedures; the representatives of some other countries - both transit and land-locked - referred to the conclusion of bilateral transit agreements and expressed reservations with respect to certain provisions of the Convention.

12. Some land-locked countries urged that all countries considering ratifying or acceding to the Convention should be encouraged to do so as soon as possible, and thus give the Convention the broadest possible effect at an early date.

13. After the conclusion of the general debate, an informal group of the land-locked developing countries consisting of Afghanistan, Bolivia, Chad, Laos, Lesotho, Mali, Nepal, Upper Volta and Zambia, under the chairmanship of Mr. J. Arteaga (Bolivia) prepared and submitted a draft resolution (TD/II/WG.III/L.5) which was discussed by an informal group of interested transit countries, consisting of Chile, India, Iran, Italy, Pakistan and Thailand, under the chairmanship of Mr. M.U. Ahmed (Pakistan). The latter prepared counter-proposals (TD/II/WG.III/L.6) and the two informal groups met under the chairmanship of Mr. Remperto C. Rico (Bolivia). The representative of Italy reserved his position on operative paragraph 4 (TD/II/WG.III/L.6). These informal discussions led to agreement on a number of issues. The remaining differences between the two groups were set forth in a document (TD/II/WG.III/...).

After the above mentioned consultations the representatives of the land-locked developing countries met with an informal group of interested developed market economic countries consisting of representatives of Austria, Switzerland, United Kingdom, United States of America to discuss TD/II/WG.III/L.5 and the amendments proposed by the interested transit countries in TD/II/WG.III/L.6. The developed market economic countries presented their counter proposals in TD/II/WG.III/L.7 and L.8. Agreement was reached on all points except operative paragraphs 1 and 11, where exact language had not yet been decided by the land-locked developing countries. The representative of Czechoslovakia on behalf of the socialist countries [of Eastern Europe] presented a number of amendments to documents TD/II/WG.III/L.5 and L.6. Subsequently the delegations of Czechoslovakia and Hungary circulated these amendments as document TD/II/WG.III/L.9.

14. For the purpose of drafting the report of the Working Group to the plenary Conference the Rapporteur was assisted by a group of "friends" designated by various groups of countries.

15. The Committee considered the draft of its report to the plenary Conference at its ..... meeting on ..... and adopted its report unanimously.